



# BOARD OF COMMISSIONERS

1 S. Main St., 9th Floor  
Mount Clemens, Michigan 48043  
586-469-5125 FAX 586-469-5993  
[macombcountymi.gov/boardofcommissioners](http://macombcountymi.gov/boardofcommissioners)

## BUDGET COMMITTEE

TUESDAY, AUGUST 26, 2008

### AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Adoption of Agenda
4. Public Participation
5. Executive Session to Discuss Pending Litigation
6. Receive and File Report from Finance Director Regarding the 2009 Budget Deficit Dated August 19, 2008 (mailed)
7. Executive Session to Discuss Labor Negotiations
8. New Business
9. Public Participation
10. Adjournment

## MACOMB COUNTY BOARD OF COMMISSIONERS

William A. Crouchman  
District 23  
Chairman

Dana Camphous-Peterson  
District 18  
Vice-Chair

Leonard Haggerty  
District 21  
Sergeant-At-Arms

Andrey Duzyj - District 1  
Marvin E. Sauger - District 2  
Phillip A. DiMaria - District 3  
Jon M. Switalski - District 4  
Susan L. Doherty - District 5

Joan Flynn - District 6  
Sue Rocca - District 7  
David Flynn - District 8  
Robert Mijac - District 9  
Philis DeSaele - District 10

Ed Szczepanski - District 11  
Peter J. Land - District 12  
Don Brown - District 13  
Brian Brdak - District 14  
Keith Rengert - District 15

Carey Torrice - District 16  
Ed Bruley - District 17  
Paul Gielegem - District 19  
Kathy Tocco - District 20

Betty Slinde - District 22  
Sarah Roberts - District 24  
Kathy D. Vosburg - District 25  
Leon Drolet - District 26

RESOLUTION NO.

FULL BOARD MEETING DATE

AGENDA ITEM

MACOMB COUNTY, MICHIGAN

RESOLUTION TO receive and file the report from the Finance Director regarding the 2009 Budget deficit dated August 19, 2008.

INTRODUCED BY: Commissioner Don Brown  
Chairman, Budget Committee

COMMITTEE/MEETING DATE

Special Budget/August 26, 2008

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## FINANCE DEPARTMENT

10 N. Main St., 12th Floor  
Mount Clemens, Michigan 48043  
586-469-5250 FAX 586-469-5847

August 19, 2008

David M. Diegel  
Finance Director

John H. Foster  
Assistant Finance Director

Robert Grzanka, C.P.A.  
Internal Audit Manager

Stephen L. Smigiel, C.P.A.  
Accounting Manager

Commissioner Don Brown, Chair  
& Members of the Budget Committee  
1 South Main Street, 9<sup>th</sup> Floor  
Mt. Clemens, MI 48043

Dear Commissioner:

I have been directed to present two plans for the consideration of the Board of Commissioners that will bring the 2009 Budget into balance. Both plans begin with the existing 2008 Budget as a base.

The County continues to negotiate salary and benefits with all bargaining groups for the 2009 contract period. Both Plan A and Plan B assumes \$5 million in net health care savings to the County in 2009 through negotiations and no pay increase.

Some Commissioners have told me they could not support a tax increase without significant employee concessions, other Commissioners have said they could only support a tax increase if the 70 Point Plan was eliminated prior to the vote.

In light of the above, Plan A calls for a balance of tax increases and employee concessions in addition to program cuts.

Specifically, Plan A calls for a \$10.7 million tax increase, \$10.7 million in additional employee pay and/or benefit reductions over and above the current County table position of \$5 million and \$12.2 million in program cuts. If our employee groups do not agree to a full \$10.7 million in additional pay and/or benefit reductions, more program cuts will have to be effected under this plan. A \$10.7 million reduction in pay and benefits equates to approximately 9% of payroll.

The elimination of the 70 Point Plan effective January 1, 2009 would save the County \$4.8 million in current costs and \$4.6 million in deferred costs. The projected 2009 deficit of \$33.6 million only includes a provision for the current costs of the 70 Point Plan (pension contribution and current year health care costs but no provision for paying down the unfunded health care liability estimated at \$4.6 million in 2009). If the 70 Point Plan were eliminated effective January 1, 2009, the \$10.7 million in pay and benefit reductions we are seeking beyond the \$5 million on the table could be reduced by the \$4.8 million current cost of the 70 Point Plan. That would leave \$5.9 million (\$10.7 million minus \$4.8 million = \$5.9 million) in new concessions from employees to balance the Budget or approximately 5% of payroll.

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Plan A identifies \$12.2 million in program cuts including the elimination of 45 County positions, 19 of which are currently vacant and therefore necessitating the lay off of 26 current employees.

Plan A calls for a tax increase of \$10.7 million which matches the amount of additional concessions sought from County employees. An increase in the tax levy from the current 4.20 mills to a proposed millage rate of 4.5580 would generate the following tax revenue.

<u>YEAR</u>	<u>RATE</u>	<u>TAXABLE VALUE</u>	<u>LEVY</u>	<u>1.5% DELINQ</u>	<u>NET LEVY</u>
2008	4.20	\$31,937,933,159	\$134,139,319	\$2,012,090	\$132,127,229
2009	4.20	\$30,341,036,500	\$127,432,353	\$1,911,485	\$125,520,868
2009	4.5580	\$30,341,036,500	\$138,294,444	\$2,074,417	\$136,220,028
Difference Due to Millage Increase					\$ 10,699,160
Difference Over 2008					\$ 4,092,798

As you can see from the above, increasing the millage rate to 4.5580 on a reduced tax base (5% reduction anticipated in 2009) results in a net revenue increase to the County of only \$4.1 million in 2009.

Plan B includes the \$12.2 million in program cuts from Plan A as well as the \$10.7 million in additional employee pay and/or benefit reductions, but has no provision for a tax increase. It carries forward the total elimination of the Parks & Recreation Department from Plan A and also calls for the total elimination of County support for Martha T. Berry, MCF and requires \$7.0 million in additional cuts from County departments over and above Plan A cuts.

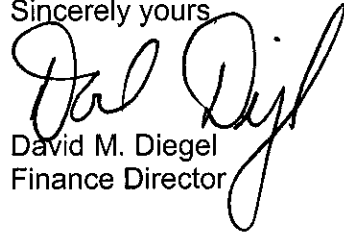
Plan B can be summarized as follows:

	<u>Savings</u>	<u>Positions</u>
Eliminate Parks & Recreation	\$ 1,009,249	9
Eliminate M.T. Berry Subsidy	\$ 8,130,830	243
Plan A savings less M.T. Berry and Parks & Recreation	\$10,323,398	26
Additional Employee Wage and/or Benefit Reductions	\$10,700,000	-0-
Additional Program Cuts(Net of lost Program Revenue)	<u>\$ 7,000,000</u>	<u>85*</u>
*Estimated number of layoffs required to effect savings		
Subtotal	\$37,163,477	363
Less Additional Unemployment Costs	\$ 3,367,800	
Less Ongoing Park Maintenance	<u>\$ 50,000</u>	
Total	\$33,745,677	

Commissioner Don Brown, Chairman  
& Members of the Budget Committee  
August 19, 2008  
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Plan B, Schedule I summarizes the additional departmental program cuts necessary to balance the 2009 Budget after taking effect of Plan A cuts, plus the reductions due to the elimination of Parks & Recreation and Martha T. Berry. Please note that Plan B, Schedule I cuts are additive to the cuts shown on Plan A, Schedules I and II. It is estimated that Plan B will require approximately 360 layoffs and total unemployment compensation under both plans will exceed \$3.6 million dollars.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David M. Diegel". The signature is written in a cursive, flowing style with a large initial "D".

David M. Diegel  
Finance Director

DMD:ts

Enclosures

## PLAN A

## SCHEDULE OF REDUCTIONS 2009 ESTIMATED BUDGET-PERSONNEL

DEPT POSITIONS	BASE	MAXIMUM	NUMBER	NET COST	OTHER FUNDING	NET GF
<u>PLANNING</u>						
F REHAB SPECIALIST	40,967	51,208	2	164,236	40,000	124,236
V SENIOR PLANNER	52,684	65,855	1	92,770	0	92,770
F ACCOUNT CLERK IV	28,264	36,287	1	62,337	0	62,337
<u>CORPORATION COUNSEL</u>						
F ASST CORP COUNSEL	82,084	102,604	1	150,029	0	150,029
<u>PURCHASING</u>						
V MICRO FILM OPERATOR	25,881	29,578	1	51,096	0	51,096
F MAIL SERVICE CLERK	27,191	31,075	1	55,516	0	55,516
<u>FINANCE</u>						
V ACCOUNT CLERK IV	30,632	36,038	1	58,503	0	58,503
<u>EQUALIZATION</u>						
V TYPIST CLERK III	28,567	32,648	1	54,899	0	54,899
<u>FAC &amp; OPERATIONS</u>						
V HOUSEKEEPERS	24,719	28,856	4	199,405	0	199,405
V BOILER OPERATOR		53,912	1	85,691	0	85,691
F SECURITY GUARDS	26,933	30,780	2	110,253	0	110,253
PARKING EQUIP (SEE BELOW)						
<u>INFORMATION TECHNOLOGY</u>						
V ANALYST/PROGRAMMER	51,154	63,942	1	90,494	0	90,494
V PROGRAMMER/ANALYST	45,857	57,321	1	82,621	0	82,621
V CLIENT SUPPORT TECHNICIAN	33,048	40,058	1	63,913	0	63,913
<u>PUBLIC AFFAIRS</u>						
F PA SPECIALIST	22,915	30,327	1	53,595	0	53,595
<u>PROSECUTING ATTORNEY (RECLASSIFY CLERICAL)</u>						
FROM: COMP MAINT CLERK	29,281	33,465	5	221,087	0	221,087
TO: TYPIST CLERK II	25,249	29,578	-5	-195,407	0	-195,407
<u>SENIOR CITIZENS</u>						
V PROGRAM ACTIV COORD	29,548	36,935	1	58,379	0	58,379
V DRUG PRESCRIPTION CLERK	27,783	34,729	1	60,344	0	60,344
COUNSELORS REIMBURSED WITH HEALTH PLAN				159,027	0	159,027
<u>PARKS &amp; RECREATION</u>						
F PARKS ADMINISTRATOR	56,543	70,678	1	107,844	0	107,844
F PARK FOREMAN	41,258	51,572	1	82,599	0	82,599
F PARK AIDE II	36,005	45,006	4	117,294	0	117,294
F SENIOR SECRETARY	33,638	40,773	1	68,330	0	68,330

## PLAN A

## SCHEDULE OF REDUCTIONS 2009 ESTIMATED BUDGET-PERSONNEL

DEPT POSITIONS	BASE	MAXIMUM	NUMBER	NET COST	OTHER FUNDING	NET GF
<u>FRIEND OF THE COURT</u>						
V TYPIST CLERK SENIOR	28,363	32,415	1	56,217	28,644	27,573
<u>MARTHA T. BERRY</u>						
F COMP MAINT CLERK	29,281	33,465	1	58,944	ADM	58,944
F STORES CLERK	29,003	33,147	1	58,522		58,522
V ACCOUNT CLERK I/II	25,881	31,075	1	55,768		55,768
V ELECTRICIAN		57,803	1	101,935	PLANT (TRAN:	101,935
F ENV SERVICE WORKER II	27,026	30,029	2	106,808	HOUSEKEEPING	106,808
NEW REPLACE ABOVE WITH PT			-1	-29,297		-29,297
F AIDE	28,296	32,338	1	57,447	DIVERSION TH	57,447
F DIETARY SUPERVISOR	34,239	42,799	1	71,354	DIETARY	71,354
FOOD PROD WORKER II (RED						
F LINED COOK LEADER)	26,933	30,780	1	56,398		56,398
V PT SERVICE WORKER II			0.5	16,315		16,315
F REG NURSE	52,487	59,644	1	111,311	NURSING	111,311
V ACCOUNT CLERK III	30,014	34,301	1	60,056	NURSING ADM	60,056
F SOCIAL WORKER	36,840	46,050	1	75,674	SOCIAL WORK	75,674
<u>COMMUNITY SERVICES CHORE PROGRAM (ELIMINATED) *</u>						
F CREW LEADER		30,755	1	55,094	40,110	14,984
F TYPIST CLERK I/II		30,393	1	54,615	40,110	14,505
F QUALITY ASSURANCE SUPV (WEATH)		48,335	1	76,876	76,876	0
TOTAL			45	3,098,893	225,740	2,873,153
<u>COST OF UNEMPLOYMENT</u>						<del>-239,115</del>
<u>COST OF PARKING EQUIPMENT (IF 2 SECURITY GUARDS ARE TO BE ELIMINATED IN F&amp;O)</u>						-200,000
GRAND TOTAL POSITIONS						2,434,038
GRAND TOTAL OPERATING (SCHEDULE II)						9,756,744
GRAND TOTAL						12,190,782

## PLAN A

## SCHEDULE OF REDUCTIONS 2009 ESTIMATED BUDGET-OPERATING

	<u>NET COST</u>	<u>OTHER FUNDING</u>	<u>NET GF</u>
<u>HUMAN RESOURCES</u>			
ELIMINATE EMPL RECOG	20,000		20,000
ELIMINATE RETIRE RECOG	3,000		3,000
ELIMINATE RETIRE WORKSHOP	4,000		4,000
REDUCE ADVERTISING	8,000		8,000
RE-NEGOTIATE EAP PROGRAM	35,000		35,000
<u>RISK MANAGEMENT</u>			
MEDICARE ADVANTAGE	500,000		500,000
<u>TECH SERVICES</u>			
COUNTY SUBSIDIZED TECH SERVICES BY \$466,000 IN 2007. APPROXIMATELY 1/2 OF THE SUBSIDY WAS RELATED TO WORK PERFORMED FOR LOCAL UNITS. INCREASE SERVICE CHARGES TO COVER COSTS OR ELIMINATE SERVICE TO LOCAL UNITS	233,000		233,000
<u>MSU EXTENSION SERVICE</u>			
OPERATING REDUCTION	5,000		5,000
<u>MSU EXTENSION SERVICE</u>			
GYPSY MOTH PROGRAM REDUCTION TO \$10,000	15,000		15,000
<u>WATERWAY CLEANUP</u>			
ELIMINATE PROGRAM	175,000		175,000
<u>FRIEND OF THE COURT</u>			
REDUCE CONFERENCE	2,500		2,500
<u>ELIMINATE CONFERENCE/TRAINING</u>	176,358		176,358
<u>LIBRARY BUILDING OPERATING COST</u>	245,644		245,644
WAYNE STATE UNIVERSITY CONTRACT			
<u>LIBRARY SUBSIDY</u>	308,316		308,316
WAYNE STATE UNIVERSITY CONTRACT			
<u>MARTHA T. BERRY</u>			
OPERATING COST	106,900		106,900
<u>PARKS AND RECREATION</u>			
OPERATING LESS PERSONNEL (\$376,068)	903,982	270,800	633,182
LESS ON GOING MAINTENANCE	-50,000		-50,000
<u>INFORMATION TECHNOLOGY</u>			
HOSTING IFAS ACTIVITIES	218,237		218,237



## PLAN A

## SCHEDULE OF REDUCTIONS 2009 ESTIMATED BUDGET-OPERATING

	<u>NET COST</u>	<u>OTHER FUNDING</u>	<u>NET GF</u>
COST OF FARMING OUT IFAS	-301,649		-301,649
COPIER MAINTENANCE	10,000		10,000
<u>HEATH DEPARTMENT FUND</u>			
REDUCE COUNTY CONTRIBUTION BY 2%	336,000		336,000
<u>JUVENILE JUSTICE CENTER (50% STATE SUPPORT)</u>			
RESTRUCTURE ACADEMIC PROGRAM	75,000	37,500	37,500
RENEGOTIATE VOCATIONAL EDUC SUPPORT	70,000	35,000	35,000
DISCONTINUE AMERICAN CORRECTIONAL ASSOC ACCREDITATION	105,000	52,500	52,500
<u>BUILDING RENOVATIONS (CAPITAL IMPROVEMENT)</u>			
PLACE MORATORIUM ON ALL RENOVATIONS	200,000		200,000
<u>VETERANS</u>			
ADOPT DEDICATED MILLAGE (NOV BALLOT)	644,257		644,257
<u>COMMUNITY MENTAL HEALTH</u>			
REDUCE COUNTY CONTRIBUTION BY 2%	95,000		95,000
<u>TRAFFIC SAFETY ASSOCIATION</u>			
ELIMINATE FROM BUDGET	9,000		9,000
<u>EMPLOYEE HEALTH CARE</u>			
EMPLOYEE CONCESSIONS	5,000,000		5,000,000
<u>RETIREE HEALTH CARE</u>			
INCREASE DEDUCTIBLES/CO-PAYS	1,000,000		1,000,000
 TOTAL OPERATING			 9,756,744

**PLAN B - SCHEDULE I**

<b>Dept Name</b>	<b>% of Net Budget</b>	<b>Target Reduction Net of Lost Program Revenue</b>
Board of Commissioners	0.460%	32,200.00
Circuit Court	1.716%	120,120.00
Clerk	2.590%	181,300.00
Community Mental Health	3.464%	242,480.00
Community Services	0.634%	44,380.00
Corporation Counsel	0.612%	42,840.00
District Court - New Baltimore	0.251%	17,570.00
District Court - Romeo	0.109%	7,630.00
District Court Probation	0.219%	15,330.00
Emergency Mgmt/Tech Services	0.448%	31,360.00
Equalization	0.623%	43,610.00
Facilities & Operations/Security	9.595%	671,650.00
Finance	1.300%	91,000.00
Friend of the Court	3.814%	266,980.00
Health Department	9.048%	633,360.00
Human Resources	1.311%	91,770.00
Information Technology	2.655%	185,850.00
Juvenile Court	3.235%	226,450.00
Juvenile Justice Center	10.720%	750,400.00
Library	1.508%	105,560.00
MSU Extension	0.612%	42,840.00
Planning	1.617%	113,190.00
Probate Court - Mental	0.612%	42,840.00
Probate Court - Wills	1.235%	86,450.00
Prosecuting Attorney	6.436%	450,520.00
Public Affairs	0.109%	7,630.00
Public Works	2.087%	146,090.00
Purchasing	0.907%	63,490.00
Register of Deeds	1.322%	92,540.00
Reimbursement	0.350%	24,500.00
Risk Management	0.229%	16,030.00
Senior Citizens	1.038%	72,660.00
Sheriff	27.888%	1,952,160.00
Treasurer	1.246%	87,220.00
<b>Grand Total</b>	<b>100.000%</b>	<b>7,000,000.00</b>